

News From the Legislature ■ ■ ■ ■

520 Bill Frees Up Funding for Eastside Projects



ESSB 6392 was the breakthrough compromise bill that freed up construction funding for Eastside projects related to the 520 floating bridge.

Last session we passed a bill that designated early toll-backed bond funding for construction of the 520 floating bridge and necessary landings only. Both Rep. Deb Eddy and I voted against the bill because the restrictions caused an unnecessary

delay on shovel-ready Eastside projects.

But with passage of ESSB 6392, those toll-backed construction bonds can now be used for Eastside projects, an estimated \$800 million of construction. The bill also directs a work group to continue working on mitigation and transit issues yet to be resolved on the west side of the bridge.

This project is one of the most important regional priorities of our time. Every Eastside community has reached consensus about related projects on our side of the bridge and there's no reason for us to wait until our neighbors to the west settle a decade-long design debate. Expect to see lots of orange cones going up soon!



Rep. Hunter and Redmond Mayor John Marchione at the Redmond Park & Ride discussing how the 520 project could shave 40 minutes off the commute time from Redmond to Seattle

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2010 SESSION WRAP

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Tuesday, May 18
Bellevue City Hall
450 110th Ave NE
6p.m. to 8 p.m.

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News From the Legislature

State Representative **Ross Hunter**

48th Legislative District

2010 SESSION WRAP



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Dear Neighbors,

Last session, I wrote to you about our state's challenge of managing the \$9 billion fallout of the national recession.

I wouldn't have thought it possible for a legislative session to be more difficult than last year's, but I was proven wrong.

The recession continued to cause steep declines in employment, retail sales and the housing market. At a time when demand for state services continued to grow, we had to cut back substantially. We had about half the amount of time given to us last session to solve problems that worsened over this past year.

An all-cuts budget would have resulted in such deep service cutbacks to education, health care, the safety net for seniors and those with disabilities that it would take more than a decade to recover. That's why we chose to raise some new revenue, much of it temporary (3 year expiration date) and a lot of it from closing tax loopholes and ending special tax treatment for certain groups.

The bottom line is that an all-cuts budget would have required us to take away the child care thousands of working parents count on to stay off welfare, end financial aid for more than 12,000 college students, eliminate funding for small class sizes in kindergarten through third grade when class size matters most, and much more.

I look forward to hearing from you and answering any questions you have about my work in Olympia. Thank you for the honor of representing our community.

Sincerely,

Rep. Ross Hunter

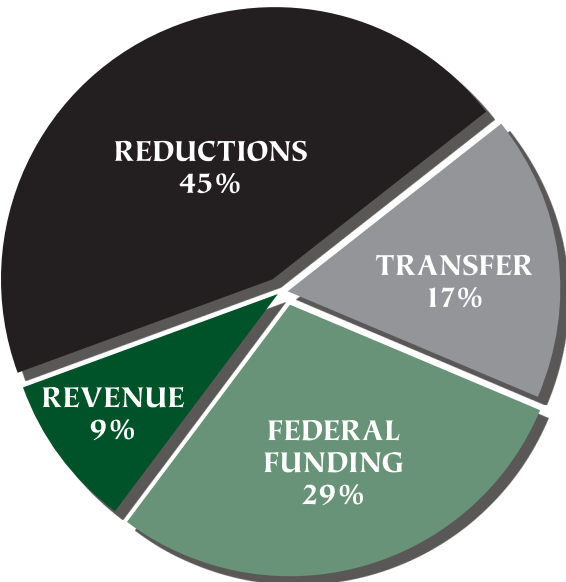
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Keeping Us On The Path To Economic Recovery

As we made decisions on the budget we tried to balance a set of competing interests.

First, the state is responsible for certain core services, including education, public safety, infrastructure development, and a safety net for children and the disabled. This takes money.



Two-Year Budget Solution

Second, we want our economy to produce enough activity that there are jobs for everyone. State revenue depends on the economy, but the economy depends on some of the services the state provides. Without a strong education system and a functional transportation system, Microsoft, Boeing and other high-tech businesses are unable to attract the talent they need to develop great technology. If taxes are too high we can't keep manufacturing jobs here in the state.

Our job is to come up with the right balance.

We are in the middle of an historic downturn in state revenue. Most economists agree we're at the bottom of the recession with an upwards trend over the next two to four years. We will not return to where we were for about four years. We will use this time to advance substantive reforms that are not possible in better times. In particular, I have been pushing to:

- **Focus our IT efforts.** The state spends a lot of money on computers and information technology every year. We passed HB 3178, a bill that will save \$30 million dollars by making our IT system far more efficient.
- **Privatize the retail liquor business.** I sponsored legislation to privatize state-run liquor stores, but it didn't pass. We did approve a budget proviso requiring the state Liquor Control Board to report back to the Legislature a plan for privatizing some stores.

Making substantive changes to any large bureaucracy, whether at a business or in government, is difficult and takes time. But it's also necessary to making sure we focus our resources on the most fundamental, core services that government provides.

A balanced approach = more cuts + more revenue

When we started the 2009 legislative session, we faced a \$9 billion budget hole. We cut more than \$3 billion in programs and used fund transfers and federal aid to fill the rest.

This year, as the recession continued to batter our budget, we faced another \$2.8 billion

hole. Another all-cuts budget, however, would have meant long-term damage to core services like education, financial aid, health care and safety net services for our seniors and those with disabilities. We made about \$660 million in additional cuts and raised some new revenue – about \$800 million.

More than 40 percent of the new revenue is temporary and set to expire in 2013 – it cannot be extended without an additional vote of the Legislature. Much of the new revenue also comes from closing tax loopholes and ending special tax treatment for a select few. Nobody likes raising taxes, and there are some things in the revenue package that I really don't like.

But it's about tradeoffs. I'd rather close loopholes for big out-of-state banks or ask people to pay a couple cents more for bottled water than cut financial aid for 12, 000 students.

The new revenue allowed us to pass a budget that protects:

- Early education for preschoolers
- Levy equalization for our state's property-poor districts
- All day kindergarten and gifted programs
- State Need Grants for college students
- Basic Health Plan for at least 69,000 people
- Apple Health Care so all children in our state have health care
- Community clinics for persons without any form of health care coverage
- Maternity support services for pregnant women
- Hospice care for dignified end-of-life care
- Lifeline services for people who truly cannot work
- Child care for struggling families – keeping them in the workforce
- Home care for our seniors and persons with disabilities
- Senior supports like meal assistance and transportation

This has been the most painful session I have ever had, and I'm not looking forward to next year. As we grow our way out of the recession we must ensure we are smart about the decisions we make. Just restoring the programs we're cutting today won't work.

How We Pay For This

No general sales tax increase

Balanced cuts and new revenue

Temporary increases (expire in 2013):

- 0.3% B&O surcharge on service professionals
- 50-cent per gallon increase on beer tax (does not affect Washington breweries)
- 2-cent per 12 oz pop tax increase (first \$10 million in volume exempt)

Close loopholes and fix court decisions

- DOT foods fix – Fixes a court decision that broadly expands an exemption intended to help only certain out-of-state wholesalers with in-state distributors (like Avon or Amway)
- Tax avoidance – Cracks down on businesses and individuals trying to avoid paying taxes
- Economic nexus – Levels the playing field for in-state businesses and community banks by ensuring out-of-state businesses pay taxes on the business they conduct in Washington

Remove sales tax exemptions on bottled water and candy

Increase in cigarette and tobacco taxes

Education Reform – Fulfilling Our Commitment to Our Children Rewriting the Way We Fund Basic Education



This session we passed HB 2776 which finishes some of the key reforms outlined in last year's, HB 2261. Essentially we've codified and set in statute protected funding for:

- A new prototypical school funding model that will simplify the budgeting process and increase transparency.
- Smaller classes of 17 students in kindergarten through 3rd grade by the 2017-18 school year.

- Maintenance and operation costs, of which the state currently only provides about half the funding.
- A new pupil transportation funding method.

Competing in the Race to the Top

Reform was also the intent of SB 6696, a bill designed to make Washington more competitive in the Obama Administration's \$4 billion competitive education grant program known as *Race to the Top*. SB 6696 outlines reforms including a new accountability system to turn around low-performing schools, an updated evaluation system for teachers based on student achievement, and expanded teacher preparation opportunities to help more people who want to become teachers find quality prep programs.

Leading the Nation in Access to Early Learning

The research is undisputable – there isn't any other investment more worthwhile than quality early learning programs. We find too many low-income children fall behind in school simply because they aren't ready to learn when they enter kindergarten. This year the Governor approved the Ready For School Act (HB 2731), which expands quality pre-school across the state so by 2018 every low-income child in our state will have access to early learning.

Protecting Education Funding

K-12 makes up more than 40 percent of state spending. Though funding for "basic education" is constitutionally protected, billions in non-basic K-12 funding is not.

In December, the Governor released a "Book One" budget that showed us what an all-cuts budget would look like. To bridge the \$2.8 billion budget gap with no new revenues, we would have had to eliminate funds for smaller class sizes in early grades and for all-day kindergarten, levy equalization for property-poor districts, gifted programs, Reading Corps, and more.

While we did have to make some painful cuts in education, the new revenue we approved protected many critical education priorities including those listed above.

We also managed to preserve State Need Grant funding for 12,300 low-income college students and quality early learning for 1,500 three-year-olds.